



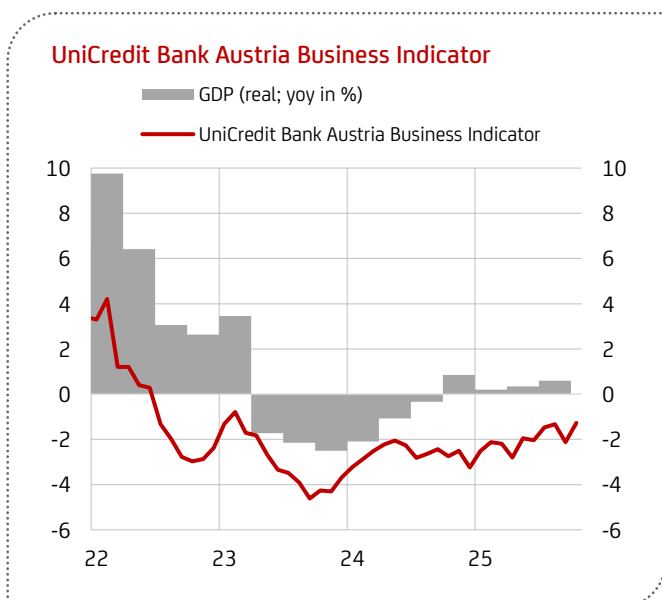
UniCredit Bank Austria Business Indicator

November 2025

Overview

UNSTABLE ECONOMIC STABILIZATION CONTINUES IN AUSTRIA

- The UniCredit Bank Austria Business Indicator rose to minus 1.3 points in October, its highest level since early 2023
- Sentiment improved in all economic sectors, and consumer pessimism also eased
- Following GDP growth of 0.3 percent, lower consumer and investment restraint and a more stable export economy should enable economic growth of 1.0 percent in 2026
- Unemployment rate expected to fall to at least 7.4 percent in 2026
- Inflation in 2026 is expected to average 2.4 percent, once again noticeably higher than in the eurozone, meaning that prices in Austria will have risen 12 percentage points more than in the eurozone countries as a whole since 2009
- No interest rate changes expected from the ECB



Source: Statistik Austria, Wifo, UniCredit Bank Austria

	GDP real (yoy in %)	UniCredit Bank Austria Business Indicator
Dec-98	3.3	3.2
Dec-99	4.5	4.4
Dec-00	2.9	3.9
Dec-01	0.0	0.4
Dec-02	0.8	1.9
Dec-03	2.4	2.7
Dec-04	2.6	2.8
Dec-05	2.7	2.9
Dec-06	3.5	3.9
Dec-07	2.9	2.9
Dec-08	-1.2	-2.0
Dec-09	-0.7	0.7
Dec-10	2.6	2.2
Dec-11	1.5	0.6
Dec-12	0.0	0.6
Dec-13	0.7	1.5
Dec-14	1.0	0.8
Dec-15	1.4	1.7
Dec-16	2.0	3.1
Dec-17	3.1	5.2
Dec-18	3.1	3.1
Dec-19	0.3	1.3
Dec-20	-4.9	0.0
Mar-21	-5.3	2.3
Jun-21	14.3	7.2
Sep-21	5.0	5.5
Dec-21	6.8	3.4
Mar-22	9.8	1.2
Jun-22	6.4	0.3
Sep-22	3.1	-2.8
Dec-22	2.6	-2.4
Mar-23	3.5	-1.7
Jun-23	-1.7	-3.3
Sep-23	-2.2	-4.6
Dec-23	-2.5	-3.7
Mar-24	-2.1	-2.5
Jun-24	-1.1	-2.3
Sep-24	-0.3	-2.4
Dec-24	0.8	-3.2
Mar-25	0.2	-2.2
Jun-25	0.3	-2.0
Sep-25	0.6	-2.1
Oct-25		-1.3

Source: UniCredit Bank Austria

In details

UNICREDIT BANK AUSTRIA BUSINESS INDICATOR INCREASED TO MINUS 1.3 POINTS IN OCTOBER

After the downturn at the beginning of autumn, economic sentiment in Austria brightened somewhat in the final quarter, but remains at a moderate level. The UniCredit Bank Austria Business Indicator rose to minus 1.3 points in October, reaching its highest level since the beginning of 2023. Despite geopolitical uncertainties and domestic challenges, the fragile stabilization trend in the Austrian economy continued. Encouragingly, for the first time in almost three years, all components of our economic indicator showed simultaneous improvement, which was particularly pronounced in the service sector. However, economic assessments remained below the long-term average in all economic sectors.

BROAD-BASED IMPROVEMENT IN SENTIMENT

With an increase of 0.8 points in October, the UniCredit Bank Austria Business Indicator compensated for the significant setback of the previous month and even reached its best value in two and a half years. The increase in all components of the indicator – for the first time since the beginning of 2023 – points to a broad-based improvement in economic sentiment in Austria.

The strongest positive influence on the rise in the UniCredit Bank Austria Business Indicator was the brightening of economic assessments by companies in the service sector. The decline in pessimism among domestic consumers contributed significantly to this. However, due to the strain on real purchasing power caused by high inflation of around 4% in recent months, the high propensity to save continued and slowed demand, which was also reflected in a slowdown in retail sales growth.

Despite the existing challenges, economic sentiment improved in October not only in the service sector, but also in domestic industry and construction, although it remains well below the long-term average”, says Bruckbauer. A decline in orders has led to production cutbacks in many companies and triggered job losses. Rising wage and energy costs and the risk of falling behind in international competition are weighing on sentiment.

Pessimism was particularly high in metal goods manufacturing and electrical engineering, and the situation in mechanical engineering and automotive manufacturing deteriorated significantly, contrary to the general trend. The outlook for export-oriented industries is being weighed down by high geopolitical uncertainties, which are being exacerbated by increased protectionism in world trade. However, the indicator for global industrial sentiment, weighted by Austrian trade shares, has improved slightly, mainly due to easing tensions within the European single market.

Sentiment in the construction sector has also improved. While civil engineering continues to benefit from a relatively solid development of public contracts, headwinds in building construction are gradually easing. New business with residential construction loans has increased significantly in recent months, which should also benefit the ancillary construction trades.

Economic sentiment improved across the board in Austria in October. However, pessimism continues to prevail in all sectors of the economy, with sentiment in some cases even falling well below the long-term average. The Austrian economy is particularly weak when compared internationally. Apart from sentiment in the service sector, the economic assessments of domestic businesses and consumers are significantly below the comparative figures for the eurozone. Despite the stabilizing trends in the economy, the Austrian economy is lagging behind that of the eurozone.

LOW GDP GROWTH ALMOST CERTAIN IN 2025, MORE MOMENTUM IN 2026

The Austrian economy continues to stabilize, but the economy will remain weak at the end of the year. In the first three quarters, GDP exceeded the previous year's figure by 0.4 percent. Despite the continuing subdued economic development, it now seems quite certain that the Austrian economy will achieve slight economic growth in 2025 after two years of GDP decline. We expect GDP to rise by 0.3 percent. Domestic demand will continue to support the economy in the coming months, as shown by the slight improvement in sentiment at the beginning of the final quarter. However, foreign trade, which is being weighed down by the US's tariff measures, is likely to continue to dampen economic development.

No significant change in the economic situation is expected at the beginning of 2026. However, the Austrian economy should be able to gain stability and momentum over the course of the year, based on a consolidation of domestic demand. Supported by lower inflation, the high propensity to save is expected to decline, which will have a positive effect on private consumption. In addition, a slow easing of investment restraint is also expected, partly due to an incipient recovery in construction and additional impetus from Germany's investment program, among other factors.

In addition, export business should stabilize again after the loss of market share due to US tariff policy and reduced competitiveness as a result of higher wage and energy costs. The negative cost shock will diminish due to lower wage increases and productivity gains in Germany, as well as higher wage increases in export markets, and foreign trade should therefore at least no longer dampen economic development. This trend is expected to accelerate in the course of 2026.

After a subdued start to the year, the Austrian economy should pick up somewhat in the second half of 2026. We expect economic growth in 2026 to be noticeably higher than in 2025, at 1.0 percent, supported by domestic demand and a more stable development in foreign trade.

UNEMPLOYMENT RATE SET TO DECLINE

The stabilization of the economy in recent months is now having an impact on developments in the labor market. Although the seasonally adjusted unemployment rate rose to 7.6 percent in October, this is likely to mark the peak of the current cycle. Employment is no longer declining, and the number of job seekers is rising only slightly compared with previous months.

With the slight easing of the economic situation, the situation on the labor market is also stabilizing, even earlier than originally expected. Although industry continues to cut jobs, this is now almost offset by the service sectors, driven primarily by

the public sector. Demographic developments are a decisive factor in this regard. We continue to expect the unemployment rate to rise to an average of 7.5 percent in 2025. In 2026, however, the unemployment rate should fall to 7.4 percent, also in view of a very limited increase in the labor supply, although a stronger decline can no longer be ruled out.

two percent beyond 2026, while upward pressure from fiscal stimulus, including the investment program in Germany, will only begin to take effect gradually from next year onwards.

INFLATION WILL DECLINE NOTICEABLY IN 2026, BUT WILL REMAIN SIGNIFICANTLY HIGHER THAN IN THE EUROZONE

At 4.0 percent in October, inflation was now around twice as high as in the previous year for the third month in a row, after rising sharply at the beginning of 2025 due to the lifting of the electricity price cap and strong momentum in some service sectors.

We expect only a slight decline in inflation to just below the 4 percent mark by the end of the year. Due to the lower figures at the beginning of the year, average inflation in 2025 is expected to be 3.5 percent. For 2026, we expect a decline to 2.4 percent, mainly due to the elimination of the effect of the expiry of the electricity price cap from the calculation", says Pudschedl, adding: "This means that inflation in Austria will now be higher than in the eurozone for the eighteenth year in a row. Since 2009, inflation in Austria has exceeded the eurozone figure, which will accumulate to a premium of 12 percentage points compared to the eurozone countries as a whole by 2026." For the eurozone, economists at UniCredit Bank Austria expect inflation to fall to an average of 2.1 percent in 2025 and 1.8 percent in 2026.

In view of the current economic and inflation data in the eurozone, we assume that the European Central Bank (ECB) will decide against further interest rate hikes until the end of 2026. However, there is still the possibility of another interest rate cut in the coming quarters, as inflation is expected to remain below

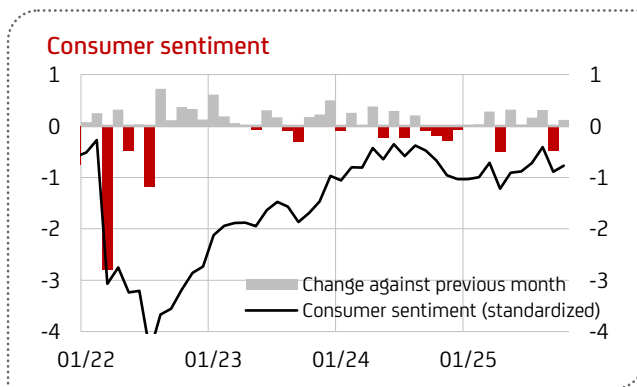
Economic Forecast

	2017	2018	2019	2020	2021	2022	2023	2024	forecast UCBA	
									2025	2026
<i>Real change in %</i>										
GDP	2.3	2.5	1.8	-6.3	4.9	5.3	-0.8	-0.7	0.3	1.0
Private consumption	1.9	0.8	0.7	-7.6	4.9	5.4	-0.2	1.0	0.8	1.2
Public consumption	0.6	1.0	1.3	-0.8	7.7	0.0	0.6	3.8	2.8	0.5
Gross fixed capital formation*)	4.2	4.4	4.3	-5.3	6.0	-0.3	-1.3	-4.1	1.9	2.0
Investments in plant and machinery	7.7	1.3	1.0	-8.2	8.8	-1.7	1.2	-4.4	2.9	2.5
Investments in construction	2.5	5.6	3.5	-3.5	4.3	-2.1	-4.5	-5.9	-0.9	1.0
Exports	4.9	5.2	4.0	-10.5	9.5	9.4	-0.6	-2.3	-0.7	1.2
Imports	5.3	5.1	2.4	-9.6	14.1	6.9	-4.3	-2.6	1.4	1.9
CPI (change in %)	2.1	2.0	1.5	1.4	2.8	8.6	7.8	2.9	3.5	2.4
HCPI (change in %)	2.2	2.1	1.5	1.4	2.8	8.6	7.7	2.9	3.5	2.4
Saving ratio (in %)	7.1	7.7	7.2	13.6	11.3	9.1	8.6	11.7	11.1	9.9
Current account (in euro bn)	4.6	3.2	9.4	12.8	7.0	-5.8	7.7	7.5	5.0	4.5
Current account (in % of GDP)	1.3	0.8	2.4	3.4	1.7	-1.3	1.6	1.5	1.0	0.8
Employment (in 1,000)**)	3,573	3,661	3,720	3,644	3,734	3,845	3,889	3,898	3,900	3,915
Employment (change in %)**)	2.0	2.5	1.6	-2.0	2.5	3.0	1.2	0.2	0.1	0.4
Unemployment rate (nat. def.)	8.5	7.7	7.4	9.9	8.0	6.3	6.4	7.0	7.5	7.4
Unemployment rate (EU def.)	5.9	5.2	4.8	6.0	6.2	4.8	5.1	5.2	5.6	5.6
Unemployed (annual average in 1,000)	340	312	301	410	332	263	271	298	319	320
General gov. balance (in % of GDP)	-0.8	0.2	0.5	-8.2	-5.7	-3.4	-2.6	-4.7	-4.5	-4.2
Public-sector debt (in % of GDP)	79.1	74.6	71.0	83.2	82.4	78.1	77.8	79.9	81.7	83.2
Nominal GDP (in euro bn)	367	383	396	380	406.2	449.4	477.8	494.1	512.8	530.6

*) excluding changes in inventory **) excluding persons drawing maternity benefits, military service and training

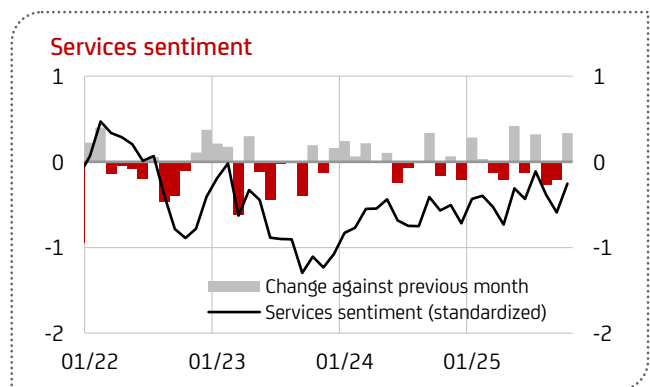
Source: UniCredit Bank Austria

Consumer sentiment slightly better again



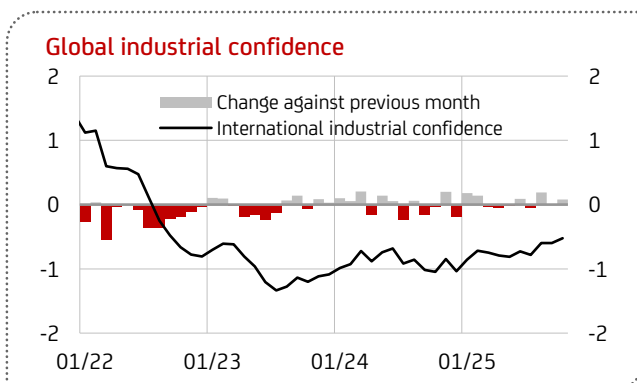
After the slump in the previous month, the mood of domestic consumers rose slightly again in October, supported by a stabilization of inflation.

Service sentiment increased

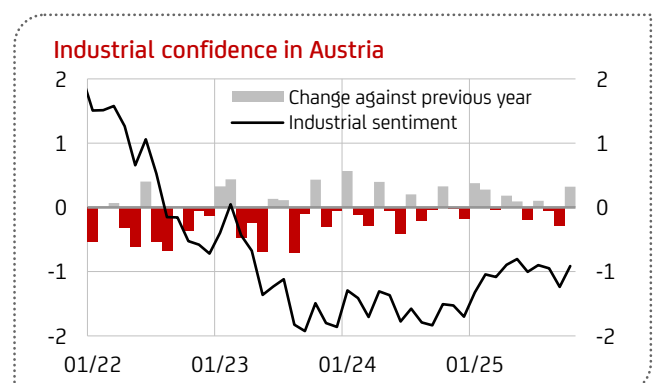


Sentiment in the service sector brightened significantly in October, boosted by improved demand in some key sectors.

Improvement in global industrial sentiment supports sentiment in Austria's industry

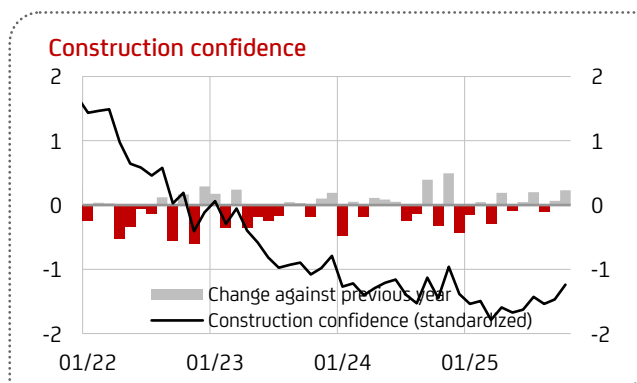


The indicator of global industrial sentiment improved in October, but remains below the long-term average.



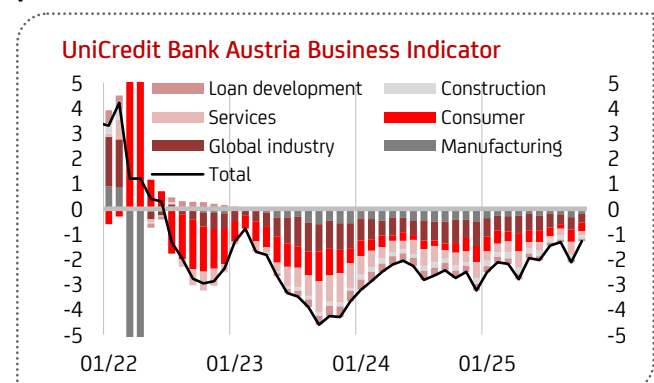
Despite the tense competitive situation and the headwind in exports due to US tariff policy, the mood in the domestic industry increased.

Slight upward trend in construction



In the construction industry, cheaper new business led to a somewhat better assessment of the economic situation. Economic worries fell in building construction in particular.

UCBA Business Indicator rose to minus 1.3 points in October



The increase in the UniCredit Bank Austria Business Indicator in October by 0.8 points compared to September to -1.3 points led to the best result since the beginning of 2023.

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